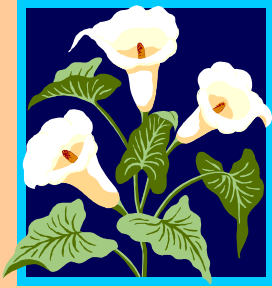


July 2001



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

June 30, 2001 marked the end of the 1999-01 biennium. Revenues for the biennium exceeded the revised March 2001 legislative revenue forecast by \$7.5 million. The excess can be attributed primarily to strong individual and corporate income tax collections. The ending balance for the 1999-2001 biennium is \$62.2 million, approximately \$10 million higher than was anticipated.

Revenue collections in the 1999-01 biennium exceeded those of the 1997-99 biennium by \$111.7 million. When transfers to the general fund are excluded from both bienniums and an adjustment made for the change in the state aid distribution formula, revenues for the 1999-01 biennium exceeded those of the 1997-99 biennium

by approximately \$95 million.

Transfers to the General Fund

The North Dakota Mill and Elevator transferred \$3 million to the general fund in June. This transfer represents the State Mill and Elevator's entire obligation for the 1999-01 biennium.

The Bank of North Dakota transferred \$15 million of profits to the general fund in June, which represents the final transfer of the biennium. Total transfers from the Bank of North Dakota were \$50 million.

The Land Department transferred \$3 million from the Land and Minerals Trust fund to the general fund in June.

Oil Activity

Preliminary oil production estimates for June indicate 85,414 barrels per day, down from May's average production of 88,154 barrels per day. The oil production drop in June is mainly due to a one week maintenance shutdown at the Tioga gas plant. Pro-

duction is expected to increase again in July.

North Dakota currently has 15 drilling rigs compared to 16 one year ago. The current price of oil is approximately \$22 per barrel.

GFOA Certificate of Achievement

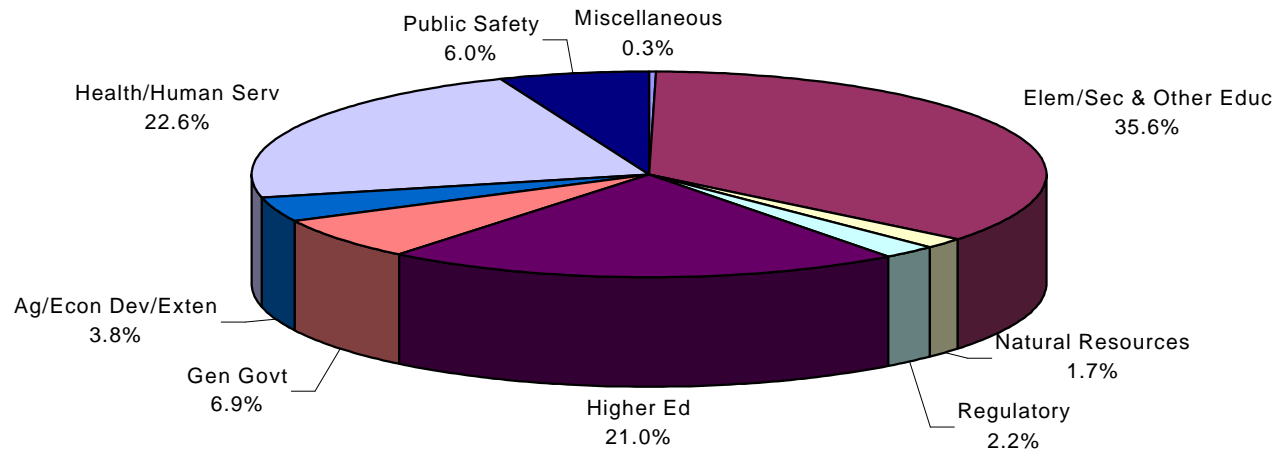
The Certificate of Achievement for Excellence in Financial Reporting has been awarded to the Office of Management and Budget by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR) for fiscal year 2000. The Certificate

of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the tenth consecutive year the State of North Dakota has received this award.

1999-01 Expenditures

General fund appropriated expenditures during the 1999-01 biennium totaled \$1.591 billion. The pie chart below depicts how those general fund dollars were spent during the biennium. \$772.7 million was spent in the first year of the biennium and \$819.0 million was spent in the second year of the biennium.

General Fund Expenditures \$1.591 Billion



STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
JUNE 2001
COMPARED TO MARCH 2001 REVENUE FORECAST

REVENUES AND TRANSFERS	2001 Legislative Forecast	FISCAL MONTH				BIENNIUM TO DATE			
		Actual	Variance	Percent		2001 Legislative Forecast	Actual	Variance	Percent
Sales Tax	32,780,279.00	\$ 29,920,929.59	\$ (2,859,349.41)	-8.7%	\$	616,840,047.00	\$ 613,066,466.31	\$ (3,773,580.69)	-0.6%
Motor Vehicle Excise Tax	4,626,790.00	5,646,947.68	1,020,157.68	22.0%		109,998,958.00	109,115,229.77	(883,728.23)	-0.8%
Individual Income Tax	10,675,668.00	11,001,879.60	326,211.60	3.1%		402,767,325.00	409,331,436.60	6,564,111.60	1.6%
Corporate Income Tax	9,296,577.00	13,628,996.19	4,332,419.19	46.6%		94,220,001.00	99,134,854.64	4,914,853.64	5.2%
Insurance Premium Tax	2,500,000.00	1,069,175.00	(1,430,825.00)	-57.2%		39,260,916.00	39,113,433.28	(147,482.72)	-0.4%
Financial Institutions Tax	17,789.00	29,122.00	11,333.00	63.7%		4,782,211.00	5,464,955.00	682,744.00	14.3%
Oil & Gas Production Tax**						38,433,365.00	38,433,365.00	-	0.0%
Gaming Tax	600,000.00	873,178.91	273,178.91	45.5%		27,046,000.00	27,437,506.53	391,506.53	1.4%
Interest Income	3,143,460.00	3,223,790.14	80,330.14	2.6%		20,382,000.00	20,832,122.74	450,122.74	2.2%
Oil Extraction Tax**						23,566,635.00	23,566,635.00	-	0.0%
Cigarette & Tobacco Tax	1,873,925.00	1,739,478.36	(134,446.64)	-7.2%		41,692,734.00	41,706,350.46	13,616.46	0.0%
Departmental Collections	2,507,240.00	1,857,343.76	(649,896.24)	-25.9%		42,501,899.00	40,816,171.33	(1,685,727.67)	-4.0%
Wholesale Liquor Tax	973,448.00	497,938.28	(475,509.72)	-48.8%		10,857,646.00	10,321,998.87	(535,647.13)	-4.9%
Coal Severance Tax	922,409.00	846,526.70	(75,882.30)	-8.2%		22,437,459.00	22,173,854.12	(263,604.88)	-1.2%
Coal Conversion Tax	1,097,976.00	1,084,538.89	(13,437.11)	-1.2%		25,518,737.00	25,672,169.81	153,432.81	0.6%
Mineral Leasing Fees	150,449.00	168,528.92	18,079.92	12.0%		7,896,523.00	9,531,697.62	1,635,174.62	20.7%
Bank of North Dakota-Transfer	15,000,000.00	15,000,000.00				50,000,000.00	50,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer	3,000,000.00	3,000,000.00				3,000,000.00	3,000,000.00		
Gas Tax Admin-Transfer						1,380,608.00	1,380,608.00	0.00	0.0%
Other Transfers	3,000,000.00	3,016,305.31	16,305.31	100.0%		5,142,859.00	5,159,194.45	16,335.45	0.3%
Total Revenues and Transfers	92,166,010.00	92,604,679.33	438,669.33	0.5%		1,587,725,923.00	1,595,258,049.53	7,532,126.53	0.5%

** Oil and gas production and oil extraction tax collections totaled \$3.5 million in June. A total of \$13.1 million has been deposited into the Permanent Oil Tax Trust Fund.

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
JUNE 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	1999 Legislative Forecast	Actual	Variance	Percent	1999 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 32,478,000.00	\$ 29,920,929.59	\$ (2,557,070.41)	-7.9%	\$ 638,197,500.00	\$ 613,066,466.31	\$ (25,131,033.69)	-3.9%
Motor Vehicle Excise Tax	4,075,000.00	5,646,947.68	1,571,947.68	38.6%	104,194,400.00	109,115,229.77	4,920,829.77	4.7%
Individual Income Tax	11,710,000.00	11,001,879.60	(708,120.40)	-6.0%	382,212,520.00	409,331,436.60	27,118,916.60	7.1%
Corporate Income Tax	10,131,000.00	13,628,996.19	3,497,996.19	34.5%	108,223,000.00	99,134,854.64	(9,088,145.36)	-8.4%
Insurance Premium Tax	2,500,000.00	1,069,175.00	(1,430,825.00)	-57.2%	35,830,000.00	39,113,433.28	3,283,433.28	9.2%
Financial Insitutions Tax	413,000.00	29,122.00	(383,878.00)	-92.9%	5,162,000.00	5,464,955.00	302,955.00	5.9%
Oil & Gas Production Tax **	1,109,000.00		(1,109,000.00)	-100.0%	22,817,000.00	38,433,365.00	15,616,365.00	68.4%
Gaming Tax	46,000.00	873,178.91	827,178.91	1798.2%	22,685,000.00	27,437,506.53	4,752,506.53	20.9%
Interest Income	2,763,200.00	3,223,790.14	460,590.14	16.7%	15,300,200.00	20,832,122.74	5,531,922.74	36.2%
Oil Extraction Tax**	676,000.00		(676,000.00)	-100.0%	13,885,000.00	23,566,635.00	9,681,635.00	69.7%
Cigarette & Tobacco Tax	1,808,000.00	1,739,478.36	(68,521.64)	-3.8%	42,544,000.00	41,706,350.46	(837,649.54)	-2.0%
Departmental Collections	3,299,195.00	1,857,343.76	(1,441,851.24)	-43.7%	39,102,394.00	40,816,171.33	1,713,777.33	4.4%
Wholesale Liquor Tax	996,107.00	497,938.28	(498,168.72)	-50.0%	10,388,473.00	10,321,998.87	(66,474.13)	-0.6%
Coal Severance Tax	807,000.00	846,526.70	39,526.70	4.9%	22,346,000.00	22,173,854.12	(172,145.88)	-0.8%
Coal Conversion Tax	933,000.00	1,084,538.89	151,538.89	16.2%	24,555,000.00	25,672,169.81	1,117,169.81	4.5%
Mineral Leasing Fees	199,760.00	168,528.92	(31,231.08)	-15.6%	4,915,680.00	9,531,697.62	4,616,017.62	93.9%
Bank of North Dakota-Transfer	15,000,000.00	15,000,000.00			50,000,000.00	50,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer	3,000,000.00	3,000,000.00			3,000,000.00	3,000,000.00		
Gas Tax Admin-Transfer					1,380,608.00	1,380,608.00	0.00	0.0%
Other Transfers	5,150,000.00	3,016,305.31	(2,133,694.69)	100.0%	6,850,000.00	5,159,194.45	(1,690,805.55)	-24.7%
Total Revenues and Transfers	97,094,262.00	92,604,679.33	(4,489,582.67)	-4.6%	1,553,588,775.00	1,595,258,049.53	41,669,274.53	2.7%

** Oil and gas production and oil extraction tax collections totaled \$3.5 million in June. A total of \$13.1 million has been deposited into the Permanent Oil Tax Trust Fund.

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
JUNE 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	June 1999	June 2001	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 34,620,310.24	\$ 29,920,929.59	\$ (4,699,380.65)	-13.6%	\$ 569,501,827.25	\$ 613,066,466.31	\$ 43,564,639.06	7.6%
Motor Vehicle Excise Tax	4,911,571.17	5,646,947.68	735,376.51	15.0%	94,863,089.02	109,115,229.77	14,252,140.75	15.0%
Individual Income Tax	9,686,144.46	11,001,879.60	1,315,735.14	13.6%	358,287,824.90	409,331,436.60	51,043,611.70	14.2%
Corporate Income Tax	13,087,367.87	13,628,996.19	541,628.32	4.1%	123,420,218.73	99,134,854.64	(24,285,364.09)	-19.7%
Insurance Premium Tax	2,382,609.04	1,069,175.00	(1,313,434.04)	-55.1%	33,133,215.92	39,113,433.28	5,980,217.36	18.0%
Financial Insitutions Tax	(7,984.00)	29,122.00	37,106.00	-464.8%	6,494,162.25	5,464,955.00	(1,029,207.25)	-15.8%
Oil & Gas Production Tax	1,679,726.85		(1,679,726.85)	-100.0%	26,973,612.66	38,433,365.00	11,459,752.34	42.5%
Gaming Tax	546,848.74	873,178.91	326,330.17	59.7%	22,801,867.84	27,437,506.53	4,635,638.69	20.3%
Interest Income	2,927,591.96	3,223,790.14	296,198.18	10.1%	19,013,888.95	20,832,122.74	1,818,233.79	9.6%
Oil Extraction Tax	828,767.60		(828,767.60)	-100.0%	16,703,113.71	23,566,635.00	6,863,521.29	41.1%
Cigarette & Tobacco Tax	1,762,702.40	1,739,478.36	(23,224.04)	-1.3%	44,091,169.68	41,706,350.46	(2,384,819.22)	-5.4%
Departmental Collections	1,682,172.59	1,857,343.76	175,171.17	10.4%	32,997,069.19	40,816,171.33	7,819,102.14	23.7%
Wholesale Liquor Tax	1,021,857.30	497,938.28	(523,919.02)	-51.3%	11,140,328.15	10,321,998.87	(818,329.28)	-7.3%
Coal Severance Tax	833,211.84	846,526.70	13,314.86	1.6%	22,596,137.08	22,173,854.12	(422,282.96)	-1.9%
Coal Conversion Tax	903,289.98	1,084,538.89	181,248.91	20.1%	23,786,790.46	25,672,169.81	1,885,379.35	7.9%
Mineral Leasing Fees	219,548.85	168,528.92	(51,019.93)	-23.2%	7,257,988.64	9,531,697.62	2,273,708.98	31.3%
Bank of North Dakota-Transfer		15,000,000.00			29,600,000.00	50,000,000.00	20,400,000.00	68.9%
State Mill & Elevator-Transfer	3,000,000.00	3,000,000.00			3,000,000.00	3,000,000.00		
Gas Tax Admin-Transfer					1,128,872.00	1,380,608.00	251,736.00	22.3%
Other Transfers	3,153,683.38	3,016,305.31	(137,378.07)	-4.4%	36,713,873.28	5,159,194.45	(31,554,678.83)	-85.9%
Total Revenues and Transfers	83,239,420.27	92,604,679.33	9,365,259.06	11.3%	1,483,505,049.71	1,595,258,049.53	111,752,999.82	7.5%

** Oil and gas production and oil extraction tax collections totaled \$3.5 million in June. A total of \$13.1 million has been deposited into the Permanent Oil Tax Trust Fund.

Revenue Variances

The comments below relate to the actual revenues compared the 2001 revised revenue forecast, which is shown on page three.

Sales tax collections in June fell below the 2001 revenue forecast by \$2.9 million or 8.7 percent. Sales tax collections for the entire biennium fell below the 2001 revenue forecast by \$3.8 million or 0.6 percent.

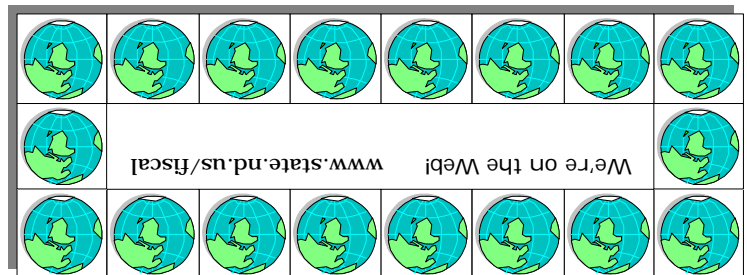
Motor vehicle excise tax collections exceeded the projections for the month of June by \$1.0 million or 22.0 percent. Biennium-to-date collections fell short of the biennial forecast by \$883,728 or 0.8 percent.

Individual income tax collections exceeded the June forecast by only \$326,212 or 3.1 percent, however biennium-to-date collections exceeded the biennial projection by \$6.6 million or 1.6 percent.

Corporate income tax collections exceeded June projections by \$4.3 million or 46.6 percent primarily due to strong audit collections and strong estimated payments. Biennial collections were \$4.9 million or 5.2 percent ahead of projections.

Actual collections for oil and gas production tax and oil extraction tax amounted to \$3.5 million. Again, this report reflects no collections because total oil tax collections have exceeded \$62 million. A transfer has been made to the permanent oil tax trust fund in the amount of \$13.1 million, which is the amount collected in excess of \$62 million.

Comments or Questions???
Call Rod Backman, Director
Pam Sharp, Deputy Director
Office of Management and Budget
600 East Boulevard Ave, Dept 110
Bismarck, ND 58505-0400
Phone: 701-328-4904
Fax : 701-328-3230
E-mail : sfrankli@state.nd.us
Visit the ND web site at:
<http://discovernd.com>



Office of Management and Budget
600 East Boulevard Avenue, Dept. 110
Bismarck, ND 58505-0400
ADDRESS SERVICE REQUESTED

